

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

Case No.: 09-CV-1775

v.

Magistrate Judge Gilbert

THE NUTMEG GROUP, LLC,
ET AL.

Defendants,

**FINAL JUDGMENT AS TO
DEFENDANT THE NUTMEG GROUP, LLC**

This matter comes before the Court upon Plaintiff Securities and Exchange Commission's ("the SEC") Motion for Entry of Default and for a Final Judgment against The Nutmeg Group, LLC ("Defendant"). The Court having considered this motion, and having been fully advised, finds:

1. Defendant was properly served with the Amended Complaint filed in this action;
2. Defendant entered a general appearance and consented to the Court's jurisdiction over it and the subject matter of this action;
3. Defendant has not defended itself in this action, and has not been represented by counsel since July 21, 2009;
4. Defendant never answered the SEC's Amended Complaint (Docket No. 314); did not defend against the SEC's motion for summary judgment (Docket Nos. 722 and 795); and was unrepresented at trial;
5. The Court previously found Defendant to be in default under Fed. R. Civ. P. 55;

6. The entry of final judgment, and imposition of permanent injunctions, against Defendant are adequately supported in fact and law as set forth in the SEC's motion for entry of Default and for a final judgment and in the Court's Memorandum Opinion and Order on Summary Judgment; and

7. Therefore, Plaintiff's motion should be, and is, **GRANTED** and the Court hereby orders as follows:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Court, pursuant to Fed. R. Civ. P. 55(b), now enters a final judgment ("Final Judgment") by default against Defendant for failure to defend against the SEC's Amended Complaint.

II.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Sections 206(1) and (2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) and 80b-6(2)] by, while acting as an investment adviser and by the use of the means and instrumentalities of interstate commerce and of the mails, employing devices, schemes, and artifices to defraud its clients and prospective clients, or engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon its clients or prospective clients.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

III.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8] by, while acting as an investment adviser to a pooled investment vehicle and using the means and instrumentalities of interstate commerce and of the mails, making untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, to an investor or prospective investor in the pooled investment vehicle or otherwise engage in any act, practice, or courses of business that is fraudulent, deceptive, or manipulative with respect to an investor or prospective investor in the pooled investment vehicle.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

IV.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-2 thereunder [17 C.F.R. § 275.206(4)-2], by using the means and instrumentalities of interstate commerce or of the mails, to engage in acts, practices, or courses of business which are fraudulent, deceptive, or manipulative by having custody of client funds or securities without either engaging a qualified custodian to maintain

and segregate those funds or securities, or verifying all of the funds or securities within its custody through an annual, unannounced audit by an independent public accountant.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

V.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 204 of the Advisers Act (15 U.S.C. § 80b-4] and Rule 204-2 thereunder (17 C.F.R. § 275.204-2)] by, while acting as an investment adviser who makes use of the mails or any instrumentality of interstate commerce, failed to make and keep true, accurate, and current books and records relating to its business as an investment adviser.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

VI.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that this Court retains jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

VII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: 10/23/2019


UNITED STATES DISTRICT COURT
MAGISTRATE JUDGE